

Written Prosecution  
To Cmsr, Adelstein

02-277  
01-235  
01-317

Here is the e-mail we discussed. It is from Michael Bracy of the Future of Music Coalition and should be filed in the ownership proceeding. I sent you the docket nos. previously, but please let me know if you'd like me to forward them again. thanks so much, Sarah

00-244

>>> Michael Bracy 01/28/03 05:00PM >>>  
<Material unrelated to the proceeding deleted>

Response of Peter DiCola to NAB letter attacking FMC radio study  
January 27, 2003

**RECEIVED**

JAN 30 2003

Federal Communications Commission  
Office of the Secretary

"Nearly two months after the release of the FMC's study of the radio industry, the National Association of Broadcasters (NAB) mustered three claims in response. First, they claim that the FMC's figure for total industry revenue is too low. Second, they claim that this alleged mistake was a result of the FMC not understanding the data set it used in its study. Third, they claim that this mistake leads to an overstating of market shares for certain firms.

"The first claim may be accurate but is certainly irrelevant. We have no details to support the estimate the NAB cites of \$16 billion industry revenue, nor do we have any reason to dispute this figure. Our study used a database purchased from BIA Financial Networks. Being an industry-focused database, its information is focused on commercial firms in large markets (generally the top 289 Arbitron-rated markets). We were able to determine what the market shares among commercial firms in these top 289 markets are. Our assertions that the national radio market has become an oligopoly and that every local market is a strong oligopoly do not rely on claims about smaller markets and noncommercial stations. Nor are they likely to be affected by the inclusion of smaller markets or noncommercial stations' market shares, which are often quite small. Thus the NAB's claim is irrelevant to any of our central findings.

"Incidentally, the NAB's first claim starts off with a mathematical rounding error, a subterfuge to make their argument look better. The total revenue of the stations with revenue information available in the BIA database is \$11.8 billion. This rounds up to \$12 billion, not down to \$11 billion. We are happy to discuss the merits and limitations of our research, and are happy to be entirely open about our methodology. We have little tolerance for number-fudging, however.

"The second claim is entirely fallacious and can only indicate one of two things. Either the NAB has not bothered to read our study (even when given two months to do so), or the NAB seeks to deceive the press and public deliberately. We completely understood the content and the

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limits of the data provided to us from BIA. In the study itself, we explain our methodology thoroughly and include extensive footnotes. We encourage our reader to check the footnotes on p. 22, p. 24, and especially p. 43 of our study, which make it clear that our analysis focuses on the top 289 Arbitron markets and that the BIA database lacks some information on noncommercial stations. We were honest about the limitations of the data we used and even called attention to those limitations.

"The third claim asks us to compare apples to oranges. When calculating market shares -- which involve dividing a given firm's share by the total -- it would be remarkably peculiar to use take the numerator from one sample and to take the denominator from another sample. In fact, it would be very poor mathematics.

"In the case of the FMC's study, the firms' shares (the numerators) come from the BIA database, which focuses on commercial stations in the top 289 markets, as do the denominators. But the NAB would have us keep the same numerators but use a denominator from a larger sample -- an estimate of total industry revenue the details of which the public does not have access to. The biggest problem with that approach is that some firms with commercial holdings both inside the top 289 and outside would certainly have their market shares understated by such a method. And that's just what the NAB wants. They would like the market share numbers to look as small as possible. We chose not to use such a downward-biased approach. The FMC's approach compares apples to apples. Our study tells you about the commercial market shares in the top 289 markets, and our detailed descriptions of the data we used make that clear."